

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Strike Team Investigative Narcotics Group	County
Audit Date 9/30/04	Opinion Date 1/19/05	Date Accountant Report Submitted to State: 3/7/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson & Decker, PC			
Street Address P.O. Box 746	City Roscommon	State MI	ZIP 48653
Accountant Signature 	Date 3/7/05		

Digitally signed by James M. Anderson, CPA
DN: cn=James M. Anderson, CPA, c=US,
o=Anderson & Decker, PC,
email=jma@m33access.com
Date: 2005.03.07 16:09:43 -05'00'

S.T.I.N.G.
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2004

S.T.I.N.G.
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Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

January 19, 2005

Executive Board of S.T.I.N.G.
496 E. Houghton Ave.
West Branch, MI 48661

We have audited the accompanying financial statements of S.T.I.N.G. as of and for the year ended September 30, 2004. These financial statements are the responsibility of the S.T.I.N.G.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of S.T.I.N.G. as of September 30, 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the S.T.I.N.G. has implemented a new financial reporting model as required by the provisions of GASB Statement No.34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, as of September 30, 2004.

The management's discussion and analysis are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the S.T.I.N.G. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

S.T.I.N.G.
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2004

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Team as a whole. The supplemental financial statements tell how these services were accomplished and compared to the budget.

Synopsis

The Strike Team Investigative Narcotics Group (STING) is a multi-jurisdictional law enforcement task force. The team has police officers assigned from the Michigan State Police, Roscommon County Sheriff's Office and Crawford County Sheriff's Office. Financial support comes from governmental entities that contribute cash as well as money generated via the narcotics forfeiture act.

Financial History

STING currently has assets of approximately \$22,500 with approximately \$51,000 of contributions for fiscal 04/05 yet received.

During the years 2001-2004, STING generated an average income of \$125,989 per year. STING's average operating cost during the same time period was \$165,446.

<u>Year</u>	<u>Income</u>	<u>Operating Costs</u>
2001	\$127,669	\$185,796
2002	\$166,257	\$170,467
2003	\$ 92,869	\$154,072
2004	\$117,162	\$151,450

This results in an average net loss of \$39,457 per year.

Economic Factors/Budget Forecast

STING historically has not been able to support itself on forfeiture funds and relies on public contributions for approximately 80% of its operation costs. These funds had been received from the 6 counties that participated with STING. With the withdrawal of financial support from Ogemaw, Arenac and Iosco Counties starting in 2001, our assured revenues began to decline. In the fall of 2003 STING management started cost savings efforts by reducing staffing and logistics expenses. The operating budget for 04/05 has been reduced to a projected \$133,066 from the previous years budget of approximately \$155,000. The only budget item that has not been reduced is grant match funding. To do so would mean the elimination of 1 or more detective positions which would result in our inability to provide adequate service to our participants.

S.T.I.N.G.
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
SEPTEMBER 30, 2004

Economic Factors/Budget Forecast (Continued)

Also, management re-established a relationship with Ogemaw County in 2004 and obtained a commitment to participate with STING. This resulted in a net income gain of \$23,809 per year. Management went to the STING board with a request for a raise in the per-capita rate as the rate had remained the same from STING's inception in the early 90's. This was turned down as not being feasible given the current governmental economic forecasts.

STING needs to accomplish two things in 2005 to maintain financial viability. Since forfeiture cannot be counted as a source or assured revenue STING must consider the following options.

1. Increase the per-capita funding rate.
2. Enlist financial support from at least 1 of the 2 remaining counties that do not participate.

STING management remains committed to re-establishing working relations with Arenac and Iosco counties.

Contacting Team Management

This analysis is intended to give a broad overview of the financial status of STING. If you have questions about the report or need additional information, please contact the STING office.

D/Lt. Jeff Keister, Unit Commander
Strike Team Investigative Narcotics Group

S.T.I.N.G.
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

ASSETS

Cash and equivalents	\$ 41,260
Total Assets	<u>41,260</u>

LIABILITIES

Liabilities	
Accounts payable	3,488
Due to other governments	<u>31,128</u>
Total Liabilities	<u>34,616</u>

NET ASSETS

Unrestricted	<u>6,644</u>
Net Assets	<u><u>\$ 6,644</u></u>

The accompanying notes are an integral part of these statements

S.T.I.N.G.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Program Expenses	
Clerical wages and payroll taxes	\$ 18,229
Office supplies	1,167
Grant matching	88,414
Travel & lodging	4,283
Telephone & communications	8,491
Equipment lease	1,123
Contract services	1,600
Evidence and informants	9,585
Miscellaneous expenses	123
Vehicle lease & storage	2,944
Building rent	9,000
Officer training	<u>1,525</u>
Total Program Expenses	<u>146,484</u>
General Revenues	
Michigan State Police	
- reimbursements	1,225
Forfeitures and restitution	42,237
County and local contributions	71,470
Interest and other income	<u>98</u>
Total General Revenues	<u>115,030</u>
Change in Net Assets	(31,454)
Net Assets, beginning of year	<u>38,098</u>
Net Assets, end of year	<u><u>\$ 6,644</u></u>

The accompanying notes are an integral part of these statements.

S.T.I.N.G.
BALANCE SHEET
SEPTEMBER 30, 2004

ASSETS

Cash on hand	\$ 8,000
Cash in the bank	<u>33,260</u>
TOTAL ASSETS	<u>\$ 41,260</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$ 3,488
Due to other governmental units	<u>31,128</u>
TOTAL LIABILITIES	<u>34,616</u>

Fund Equity:

Fund balance	<u>6,644</u>
TOTAL FUND EQUITY	<u>6,644</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 41,260</u>

The accompanying notes are an integral part of these statements

S.T.I.N.G.
RECONCILIATION OF THE BALANCE SHEET FUND BALANCE TO
THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Total governmental fund balance	\$ 6,644
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Amounts reported for governmental activities in
the statement of net assets are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the funds.

-0-

Net assets of governmental activities

\$ 6,644

The accompanying notes are an integral part of these statements

S.T.I.N.G.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2004

REVENUES

Michigan State Police	
- reimbursements	\$ 1,225
Forfeitures and restitution	42,237
County and local contributions	71,470
Interest and other income	<u>98</u>

Total Revenues	<u>115,030</u>
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EXPENDITURES

Clerical wages and payroll taxes	18,229
Office supplies	1,167
Grant matching	88,414
Travel & lodging	4,283
Telephone & communications	8,491
Equipment lease	1,123
Contract services	1,600
Evidence and informants	9,585
Miscellaneous expenses	123
Vehicle lease & storage	2,944
Building rent	9,000
Officer training	<u>1,525</u>

Total Expenditures	<u>146,484</u>
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EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(31,454)
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FUND BALANCE, beginning of year	<u>38,098</u>
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FUND BALANCE, end of year	<u><u>\$ 6,644</u></u>
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The accompanying notes are an integral part of these statements.

S.T.I.N.G.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Net Change in fund balance-total governmental funds	\$ (31,454)
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Amounts reported for governmental activities
in the statement are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. Equipment retirement is recorded as an expenditure credit in governmental funds, but not recorded as an expense in the statement of activities.

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Change in net assets of governmental activities.	<u>\$ (31,454)</u>
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See accompanying notes to the basic financial statements.

S.T.I.N.G.
STATEMENT OF FIDUCIARY FUND NET ASSETS
NON-ADJUDICATED FIDUCIARY FUND
SEPTEMBER 30, 2004

<u>ASSETS</u>	
Cash	\$ <u>5,601</u>
Total Assets	<u>5,601</u>
<u>LIABILITIES</u>	
Seized assets pending judgement	<u>5,601</u>
Total Liabilities	<u>5,601</u>
<u>NET ASSETS</u>	
Net Assets Held in Trust for Other Governments	<u>\$ -0-</u>

See accompanying notes to the basic financial statements.

S.T.I.N.G.
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
NON-ADJUDICATED FIDUCIARY FUND
SEPTEMBER 30, 2004

ADDITIONS	
Seizures	\$ 49,133
Bond forfeitures	<u>2,424</u>
Total Additions	<u>51,557</u>
DEDUCTIONS	
Payments to S.T.I.N.G.	45,956
Payments pending judgement	<u>5,601</u>
Total Deductions	<u>51,557</u>
Change in Net Assets	<u>-0-</u>
Net Assets Held in Trust for Other Governments - October 1	<u>-0-</u>
Net Assets Held in Trust for Other Governments - September 30	<u><u>\$ -0-</u></u>

See accompanying notes to the basic financial statements.

S.T.I.N.G.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of S.T.I.N.G. conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies:

DEFINING THE REPORTING ENTITY

S.T.I.N.G. (Strike Team Investigative Narcotics Group) is operated under an interagency agreement which includes Crawford, Ogemaw, Oscoda, and Roscommon Counties and the Michigan State Police. The purpose of this alliance is to establish a cooperative force combining their investigative services, manpower and/or resources for enforcement of Michigan controlled substances laws and related criminal activity. The criteria established for determining the reporting entity include overnight responsibility, scope of public service, and financing relationships. Only the activities of S.T.I.N.G. are included in these financial statements.

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Governmental Accounting Standards Board Statement No.34

For the fiscal year ended September 30, 2004 S.T.I.N.G. implemented GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34). This statement affects the manner in which M.E.T. records transactions and presents financial information.

State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Management's Discussion and Analysis-GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of S.T.I.N.G.'s financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

S.T.I.N.G.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements-The reporting model includes financial statements prepared using full accrual accounting for all S.T.I.N.G.'s activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

Statement of Net Assets-The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities) and the total of its discretely presented component parts. S.T.I.N.G. reports capital assets in the government-wide statement of net assets and reports depreciation expense-the cost of "using up" capital assets-in the statement of activities. The net assets of S.T.I.N.G. are broken down into three categories-1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities-The statement of activities reports expenses and revenues in a format that focuses on the cost of each of S.T.I.N.G.'s functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, S.T.I.N.G. has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. Implementation of GASB 34 has had a significant impact on S.T.I.N.G.'s financial statements for the year ended September 30, 2004.

Governmental Accounting Standards Board Statement No.37

For the fiscal year ended 30, 2004, S.T.I.N.G. implemented GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* (GASB 37). This statement amends GASB 34 to either: 1) clarify certain provisions, or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, considered the effects of this statement when implementing the provisions of GASB 34, as previously described.

DONATED SERVICES

Personnel for the operations of S.T.I.N.G. are provided by the law enforcement agencies whose officers are working with S.T.I.N.G. No expense or revenue has been recorded for these donated services in the books and records of S.T.I.N.G.

S.T.I.N.G.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BASIS OF PRESENTATION-GOVERNMENT WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information on the S.T.I.N.G. as a whole, excluding fiduciary activities for non-adjudicated funds.

The Statement of Net assets presents S.T.I.N.G's assets and liabilities with the difference being reported as either invested in capital assets, net of related debt or restricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

BASIS OF PRESENTATION-FUND FINANCIAL STATEMENTS

Separate financial statements are provided for the operating fund (governmental fund) and the fiduciary fund. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

GENERAL FUND

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from forfeitures and restitution, interest on savings accounts and miscellaneous income.

FIDUCIARY FUNDS

These funds are used to account for assets held in trust or as an agent for others. Non-adjudicated activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No.34.

S.T.I.N.G.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS/BASIS OF ACCOUNTING-GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MEASUREMENT FOCUS/BASIS OF ACCOUNTING-FUND FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the unit considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CAPITAL ASSETS AND DEPRECIATION

The S.T.I.N.G.'s property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The unit generally capitalizes assets with historical cost of normal maintenance more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Computers and peripherals	1-3 years
Office furniture	5-20 years
Vehicles	4-7 years
Buildings and improvements	25-40 years
Land improvements	10-20 years
Machinery and equipment	5-10 years

Land and construction in progress are not depreciated.

S.T.I.N.G.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPOSITS AND INVESTMENTS

The M.E.T.'s cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from date of acquisition.

State statutes authorize a governmental unit other than M.E.T. to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The governmental unit is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

NOTE B - CASH AND INVESTMENTS

S.T.I.N.G.'s adjudicated and unadjudicated checking accounts were maintained by the County of Roscommon for the fiscal year ending September 30, 2004. These bank accounts had a combined book balance of \$34,846 as of September 30, 2004. The combined bank balance as of September 30, 2004 was \$34,774. 100% of the bank balance was covered by FDIC insurance.

Deposits are categorized into these three categories of credit risk:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
3. Uncollateralized

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 34,846	\$ 34,774
Uninsured and Uncollateralized	-0-	-0-
Total Deposits	34,846	\$ 34,774
Cash on hand	8,000	
Total Cash and Equivalents	\$ 41,260	

Michigan law prohibits the collateralization of public funds.

S.T.I.N.G.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2004

NOTE C - DUE TO OTHER UNITS OF GOVERNMENT

As of September 30, 2004 S.T.I.N.G. owed \$5,158 to Crawford County, \$10,270 to Roscommon County, and \$15,700 contribution for the subsequent fiscal year received in advance from Crawford County, totaling \$31,128.

NOTE D - CAPITAL ASSETS

The following is a summary of changes in the Capital Assets:

	<u>Balance 10/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/04</u>
Capital Assets Being Depreciated:				
Equipment	<u>4,800</u>	<u>-0-</u>	<u>-0-</u>	<u>4,800</u>
Total	<u>4,800</u>	<u>-0-</u>	<u>-0-</u>	<u>4,800</u>
Less Accumulated Depreciation:				
Equipment	<u>4,800</u>	<u>-0-</u>	<u>-0-</u>	<u>4,800</u>
Total	<u>4,800</u>	<u>-0-</u>	<u>-0-</u>	<u>4,800</u>
Total Net Capital Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

During the year ended September 30, 2004 S.T.I.N.G. incurred expenditures in excess of the amounts appropriated in the General Fund as follows:

<u>Fund</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Evidence and informants	\$ 8,600	\$ 9,585	\$ (985)

NOTE F - OPERATING LEASE

S.T.I.N.G. enters into a lease agreement annually, prior to the beginning of the fiscal year. The current fiscal year rent expenditures amounted to \$9,000. The amount anticipated for the 04/05 fiscal year will be \$9,000.

SUPPLEMENTAL INFORMATION

S.T.I.N.G.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal grants	\$ 230,100	\$ 230,100	\$ -0-	\$ (230,100)
Michigan State Police				
- reimbursements	257,637	257,637	1,225	(256,412)
Forfeitures and restitution	87,869	87,869	42,237	(45,632)
County and local contributions	78,956	78,956	71,470	(7,486)
Interest and other income	<u>-0-</u>	<u>-0-</u>	<u>98</u>	<u>98</u>
Total Revenues	<u>654,562</u>	<u>654,562</u>	<u>115,030</u>	<u>(539,532)</u>
EXPENDITURES				
Clerical wages and payroll taxes	20,800	20,800	18,229	2,571
Office supplies	4,200	4,200	1,167	3,033
Grant matching	558,758	558,758	88,414	470,344
Travel & lodging	7,800	7,800	4,283	3,517
Telephone & communications	10,040	10,040	8,491	1,549
Equipment lease	1,500	1,500	1,123	377
Contract services	1,886	1,886	1,600	286
Evidence and informants	8,600	8,600	9,585	(985)
Miscellaneous expenses	5,200	5,200	123	5,077
Vehicle lease & storage	24,378	24,378	2,944	21,434
Building rent	9,600	9,600	9,000	600
Officer training	<u>1,800</u>	<u>1,800</u>	<u>1,525</u>	<u>275</u>
Total Expenditures	<u>654,562</u>	<u>654,562</u>	<u>146,484</u>	<u>508,078</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-0-	-0-	(31,454)	(31,454)
FUND BALANCE, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>38,098</u>	<u>38,098</u>
FUND BALANCE, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,644</u>	<u>\$ 6,644</u>

The accompanying notes are an integral part of these statements.